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Message Text

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PAGE 01 ALGIER 01919 041444Z

70
ACTION NEA-10

INFO OCT-01 ISO-00 COME-00 EB-07 /018 W
---------- 001067
R 041335Z AUG 76
FM AMEMBASSY ALGIERS
TO SECSTATE WASHDC 4966

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E.O. 11652: N/A
TAGS: ECON, AG
SUBJECT: U.S. BUSINESS IN ALGERIA: HOSPITAL CONTRACT TERMINATED

1. WE UNDERSTAND THAT THE FIRM OF DALTON, DALTON, LITTLE OF NEWPORT OF CLEVELAND HAS WITHDRAWN FROM A CONTRACT WITH THE MINISTRY OF DEFENSE TO PLAN AND BUILD A LARGE (1200 BED) MILITARY HOSPITAL AT KUBBA (A SURBURB OF ALGIERS). WE WERE INFORMED BY THE COMPANY LAST WEEK THAT THEY WERE CONSIDERING WITHDRAWAL, AND COMPANY PERSONNEL OVER WEEKEND CONFIRMED THEY WERE ALL LEAVING COUNTRY AND CONTRACT TERMINATED. COMPANY HAD BEEN IN NEGOTIATION WITH THE ALGERIANS OVER ACCEPTANCE OF THE FIRST PHASE OF THE WORK AND NEW ESTIMATES FOR TOTAL COST OF BUILDING. THE ALGERIANS HAD REFUSED TO ACCEPT THE FIRST PHASE, ALLEGING THAT THERE WERE CERTAIN REQUIREMENTS WICH HAD NOT BEEN MET AND ALLEGING THAT THE COST ESTIMATES WERE TOO HIGH. DALTON AND DALTON WERE TO HAVE BEEN PAID A CERTAIN PERCENTAGE OF THE ESTIMATED COST OF CONSTRUCTING THE HOSPTIAL. FIRM WILL APPRENTLY LOSE $800,000 FEE IT EXPECTED TO RECEIVE AT END OF PHASE I.

2. COMMENT: THOUGH WE UNAWARE OF ALL FACTORS IN DISPUTE BETWEEN DALTON AND MINISTRY OF DEFENSE, ONE POSSIBLE EXPLANATION IS THAT TIGHT FOREIGN EXCHANGE SITUATION FORCED POSTPONEMENT OF PROJECT.

3. THIS CASE IS ONE OF SEVERAL WHICH HAVE COME TO OUR ATTENTION IN THE PAST TWO WEEKS OF AMERICAN COMPANIES HAVING DIFFICULTIES WITH ALGERIANS. TWO OTHERS (MORRISON-
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KNUDSEN AND EDUCATIONAL DEVELOPMENT CENTER) REGARDED OVER-

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DUE PAYMENTS BY THE ALGERIANS. LATTER TWO NOW SEEM TO HAVE
BEEN RESOLVED, BUT THEY ILLUSTRATE THE FACT THAT DOING
BUSINESS HERE IS NOT EASY.PARKER

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NNN

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Draft Date: 04 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Executive Order: N/A
Errors: N/A
Film Number: D760300-1182
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